

IRS News Release

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Vehicles Certified as Qualified Advanced Lean-Burn Technology Vehicles

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WASHINGTON — The Internal Revenue Service has acknowledged the certifications by manufacturers that certain advanced lean-burn technology vehicles qualify for the alternative motor vehicle tax credit.

Before, only hybrid vehicles, fuel cell vehicles and alternative fuel vehicles had been certified, but now certain advanced lean-burn technology vehicles, which generally run on diesel fuel have been certified. These vehicles are passenger cars or light trucks with an internal combustion engine designed to operate primarily using more air than is necessary for complete combustion of the fuel. The vehicles also must incorporate direct fuel injection technology and achieve at least 125 percent of the 2002 model year city fuel economy rating.

Available credit amounts may vary and include a base credit amount based on fuel economy compared to the 2002 model year city fuel economy rating and an additional amount based on the vehicle's lifetime fuel savings. For a taxpayer to claim the credit, the original use of the vehicle must begin with the taxpayer and the vehicle must be acquired for use or lease by the taxpayer and not for resale.

The alternative motor vehicle tax credit was enacted by the Energy Policy Act of 2005 under Internal Revenue Code Section 30B and includes the advanced lean-burn technology motor vehicle credit and the qualified hybrid motor vehicle credit.

There is a limitation on the number of qualified hybrid and advanced lean-burn technology vehicles eligible for credit. The phase-out period begins when a manufacturer sells 60,000 qualified hybrid and advanced lean-burn technology vehicles.

Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th hybrid passenger automobile or light truck or advanced lean-burn technology motor vehicle. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

The qualifying vehicles and their credit amounts are:

- 2009 Volkswagen Jetta 2.0L TDI Sedan manual or automatic — \$1,300
- 2009 Volkswagen Jetta 2.0L TDI SportWagen manual or automatic — \$1,300
- Mercedes GL 320 BLUE TEC — \$1,800
- Mercedes R 320 Blue TEC — \$1,550
- Mercedes ML 320 Blue TEC — \$900

More information on advanced lean-burn technology vehicles or other vehicles that qualify for the alternative motor vehicle tax credit can be found at IRS.gov.